

San Diego County Economic Forecast

San Diego County still ranks as the third most-populated county in California, behind Los Angeles and Orange Counties. There are nearly 3 million residents in the county, and 1.3 million live in the City of San Diego. The population grew at a 1.9 percent rate between 2001 and 2002. By the year 2008, the population is projected to reach 3.22 million, and 3.9 million by 2020.

The principal employment clusters of growth in San Diego County are biotechnology, software, electronics, communications, and medical services.

Biotechnology is principally located in the North County area, as is software development and medical products manufacturing. The North County areas of employment cluster importance include the coastal areas of Del Mar, Encinitas, and Oceanside, and the inland areas of Poway, Escondido, and Vista. The North County areas have much higher housing prices and a more affluent population than the South County communities.

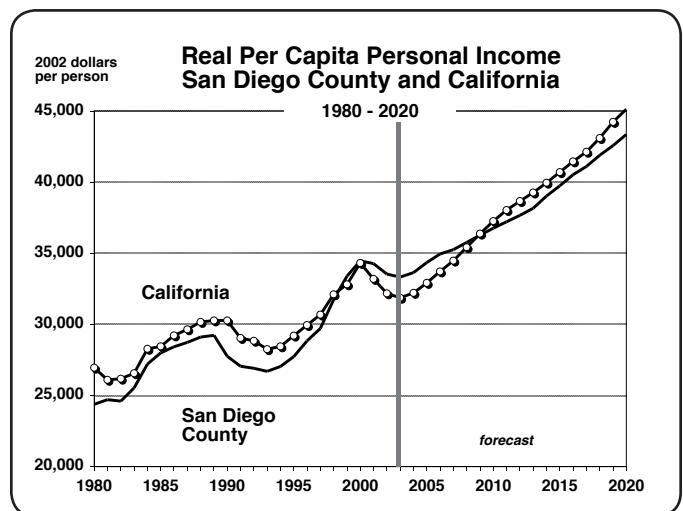
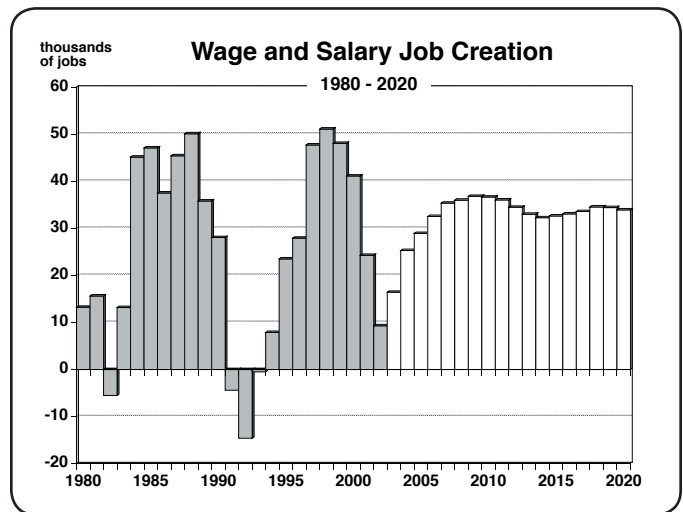
Last year, there were rapid population increases in the south, namely in National City, Chula Vista, and Coronado. However, the inland areas are likely to experience the most growth in future years, because of the availability of land for housing. Infrastructure remains a problem in San Diego, especially the extent and the improvement of highways.

In 2002, employment was dominated by services, retail trade, and the public sector. Together these three industries accounted for 73 percent (908,000) of the total employment (1.24 million) in the county.

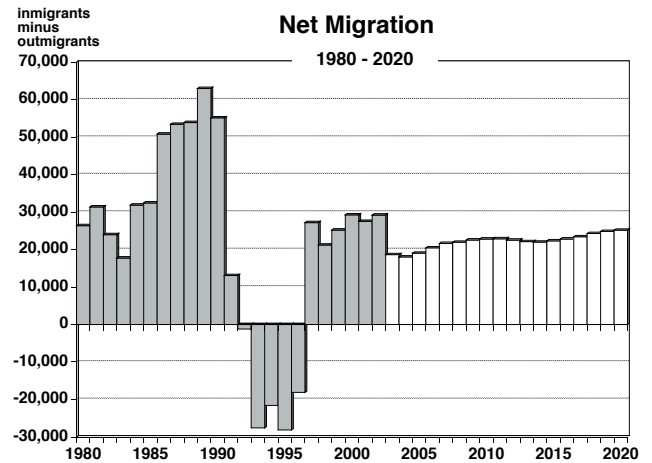
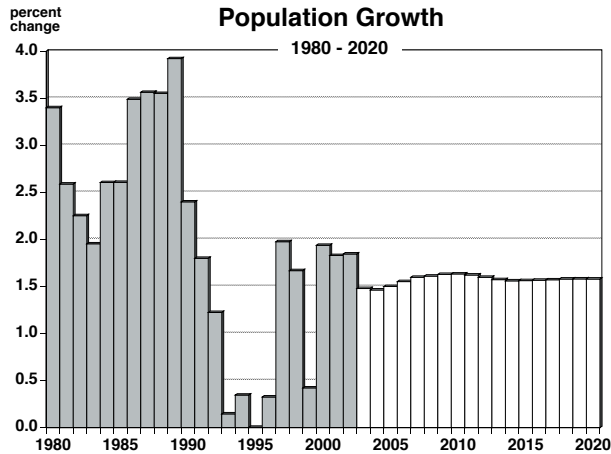
Over the next 5 years, the momentum for employment growth remains in services, especially healthcare services which support an aging population, and professional and technical services which comprises the technology sectors. More North County growth, particularly in the inland areas, will dominate new economic activity in San Diego County.

Forecast Highlights

- Over the next 5 years, population growth in San Diego County is forecast to remain consistent with the last 5 years, averaging 1.5 percent per year. Net migration is expected to decline because job growth is forecast to slow over the current decade. The natural increase in population will become more important later in the decade.



- Employment growth slowed in 2001 and 2002. It is forecast to accelerate in 2004 and beyond, but at rates of increase which never match the “internet-boom” period of the late 1990s. The forecast calls for 25,000 new jobs in the county in 2004, and 30,000 jobs each year after that for the remainder of the decade. After 2010, job growth is forecast to remain relatively constant at 2.0 percent per year.
- More housing is built in the North County areas, especially the inland areas of Vista, Poway and the unincorporated areas in-between. New residential units averaged 14,300 per year between 1997 and 2002. Housing production is forecast to increase to nearly 17,000 units per year between 2003 and 2008.



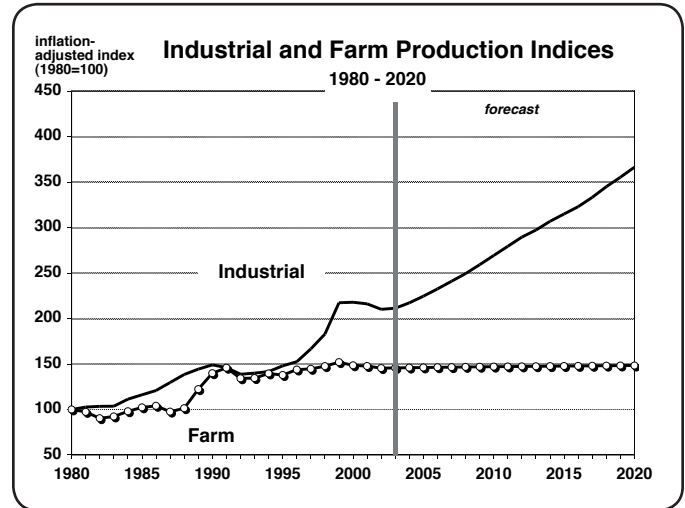
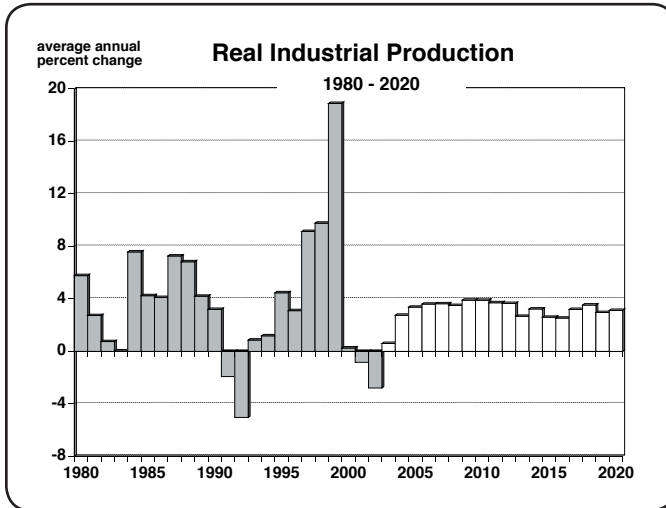
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1995-2002 History, 2003-2020 Forecast

	July Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Retail Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Farm Crop Value (millions)	Industrial Production (billions)
1995	2,657,800	-28,122	1,984	932	6,608	\$16.2	\$62.6	\$27,733	\$1,049	\$16.1
1996	2,666,500	-18,112	2,026	938	6,868	\$17.1	\$66.4	\$28,838	\$1,114	\$16.6
1997	2,719,200	27,207	1,949	944	11,402	\$18.4	\$71.0	\$29,722	\$1,139	\$18.1
1998	2,764,600	21,220	2,099	952	12,173	\$19.9	\$78.2	\$31,747	\$1,178	\$19.8
1999	2,776,300	25,228	2,165	962	16,427	\$22.2	\$84.5	\$33,393	\$1,243	\$23.6
2000	2,830,100	29,264	2,273	992	15,927	\$25.0	\$91.8	\$34,474	\$1,254	\$23.6
2001	2,881,900	27,548	2,353	1,004	15,650	\$26.3	\$96.1	\$34,276	\$1,290	\$23.4
2002	2,935,100	29,222	2,398	1,016	14,234	\$27.1	\$98.4	\$33,538	\$1,305	\$22.8
2003	2,978,529	18,660	2,423	1,030	14,117	\$28.1	\$101.5	\$33,321	\$1,337	\$22.9
2004	3,022,143	18,040	2,454	1,043	15,291	\$29.6	\$106.6	\$33,641	\$1,372	\$23.6
2005	3,067,493	19,044	2,487	1,058	16,362	\$31.4	\$113.1	\$34,349	\$1,408	\$24.4
2006	3,115,139	20,473	2,518	1,074	17,750	\$33.4	\$119.7	\$34,948	\$1,444	\$25.2
2007	3,164,938	21,663	2,553	1,091	18,723	\$35.3	\$125.5	\$35,257	\$1,479	\$26.1
2008	3,215,919	21,969	2,586	1,109	19,168	\$37.4	\$132.3	\$35,762	\$1,514	\$27.1
2009	3,268,312	22,558	2,633	1,127	19,118	\$39.7	\$139.5	\$36,277	\$1,551	\$28.1
2010	3,321,704	22,834	2,684	1,145	18,395	\$42.2	\$147.2	\$36,761	\$1,591	\$29.2
2011	3,375,608	22,883	2,720	1,163	17,704	\$44.8	\$155.3	\$37,213	\$1,632	\$30.3
2012	3,429,546	22,539	2,771	1,180	17,277	\$47.5	\$163.8	\$37,671	\$1,676	\$31.4
2013	3,483,533	22,126	2,812	1,197	19,072	\$50.4	\$172.9	\$38,159	\$1,721	\$32.2
2014	3,537,914	21,993	2,857	1,215	20,205	\$53.3	\$184.0	\$39,025	\$1,765	\$33.3
2015	3,593,233	22,338	2,893	1,234	20,885	\$56.5	\$194.9	\$39,745	\$1,809	\$34.2
2016	3,649,546	22,833	2,929	1,254	21,200	\$59.9	\$206.9	\$40,519	\$1,855	\$35.0
2017	3,706,903	23,427	2,964	1,275	21,263	\$63.6	\$218.7	\$41,101	\$1,906	\$36.1
2018	3,765,493	24,307	3,000	1,295	21,226	\$67.4	\$232.1	\$41,887	\$1,955	\$37.4
2019	3,825,052	24,848	3,035	1,315	21,128	\$71.4	\$245.4	\$42,570	\$2,003	\$38.5
2020	3,885,503	25,179	3,075	1,336	20,958	\$75.4	\$259.7	\$43,352	\$2,051	\$39.7

- The average salary in the county was \$44,166 in 2002. Inflation-adjusted salaries increased an average of 0.84 percent per year between 1997 and 2002. That rate is expected to increase slightly over the next 5 years,

to 1.4 percent per year. Real per capita income will slow, to a compound average annual rate of 1.4 percent between 2003 and 2008. The average rate of growth between 1997 and 2002 was 2.5 percent.



Total Wage & Salary (000)	Farm (000)	Construction (000)	Mining (000)	Manufacturing (000)	Transportation, Utilities (000)	Wholesale, Retail Trade (000)	Finance, Real Estate (000)	Services (000)	Government (000)
-----employment (jobs)-----									
989.3	10.8	43.6	0.3	114.9	37.4	229.5	55.8	310.9	186.1
1,017.2	11.0	45.5	0.4	117.5	38.3	235.9	57.4	321.2	190.1
1,065.0	10.8	53.0	0.4	123.1	41.6	244.0	60.9	339.3	192.0
1,116.1	10.6	61.8	0.3	127.6	47.0	249.4	65.3	359.6	194.5
1,164.1	11.2	67.0	0.3	128.1	51.3	256.5	68.7	381.7	199.3
1,205.2	11.4	70.0	0.4	129.2	50.8	268.1	69.5	399.2	206.6
1,229.5	11.0	73.4	0.3	129.5	51.0	271.1	70.8	408.5	213.9
1,238.8	10.1	75.2	0.3	122.3	50.5	274.3	72.6	415.0	218.5
1,255.2	10.1	75.3	0.3	119.5	50.8	281.8	73.8	423.4	220.4
1,280.5	10.1	75.8	0.3	119.9	51.1	289.0	74.9	435.9	223.6
1,309.5	10.1	76.7	0.3	120.5	51.5	296.2	76.1	450.6	227.5
1,342.0	10.1	78.2	0.3	121.8	52.0	303.4	77.4	467.0	231.9
1,377.3	10.1	80.3	0.3	123.9	52.6	310.6	78.8	483.4	237.4
1,413.3	10.1	82.6	0.3	126.4	53.2	317.8	80.2	499.2	243.6
1,450.1	10.1	84.8	0.3	128.8	53.9	325.0	81.6	515.6	250.0
1,486.8	10.0	86.6	0.3	130.8	54.7	332.3	83.1	532.3	256.5
1,522.8	10.0	88.1	0.3	132.4	55.5	339.7	84.5	549.1	263.3
1,557.3	10.0	89.4	0.3	133.7	56.3	347.0	85.9	564.7	270.1
1,590.3	10.0	90.7	0.3	134.7	57.1	354.2	87.2	578.9	277.1
1,622.5	10.0	92.2	0.3	135.9	57.8	361.3	88.6	592.2	284.1
1,655.1	10.0	93.7	0.3	137.1	58.6	368.4	90.1	605.8	291.2
1,688.2	10.0	95.0	0.3	138.2	59.3	375.6	91.6	619.8	298.4
1,721.8	10.0	96.2	0.3	139.3	60.1	382.8	93.1	634.4	305.7
1,756.3	10.0	97.3	0.3	140.3	60.8	390.0	94.6	650.0	312.9
1,790.7	10.0	98.5	0.3	141.2	61.7	397.2	96.2	665.1	320.3
1,824.7	10.0	99.5	0.3	142.0	62.5	404.3	97.7	679.8	327.6

- San Diego County experienced unprecedented home price appreciation between 1997 and 2002. The median selling price leaped 95 percent, to \$361,605. Adjusted for inflation, selling values are not expected to appreciate at rates which exceed 2 percent per year over the

next 5 years. In current year dollars, that translates into average annual appreciation rates of between 4.5 and 6 percent. Home prices are already at near unsustainable levels in many Southern California counties.

